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**Accompanying**

**Annual Report on the Financial Management of the 7th-9th European Development  
Funds (EDFs) in 2007**

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## **Annex 1: Evolution of unspent EDF commitments ("RAL"), 2003-07 (€m) <sup>1</sup>**

Type of unspent commitment (or "RAL")			Year									
			2003	2004		2005		2006		2007		
Status	Known as	Measure	31/12	01/01	31/12	01/01	31/12	01/01	31/12	01/01	31/12	
											target	executed
≥ 5 years old	"old RAL"	Total old commitments (€ m)	743	1.170	829	1.521	1.025	1.618	822	1.501	860	903
		yearly evolution	-27%		-29%		-33%		-49%			-40%
Inactive for ≥ 2 years	"Dormant RAL"	Dormant commitments (€m) (1)	261	255	513	459	487	346	276	199	250	100
≥ 5 years old &/or inactive for ≥ 2 years	"old &/or dormant RAL"	Total old+dormant commit (€m)	1.004	1.425	1.342	1.980	1.512	1.964	1.098	1.700	1.100	1.003
		yearly evolution			-6%		-24%		-44%			-41%
Normal RAL			8.838		8.437		8.812		9.183			9.576
Total RAL			9.842		9.779		10.324		10.281			10.579

## **Annex 2: EDF General Budget Support global commitments, 2003-07 (€m) Provisional Figures**

Country	2003	2004	2005	2006	2007
Benin	55.0			18.4	17.75
Burkina Faso			151.5		20.5
Burundi		43.6	7.82		31
Cameroon					0.021
Cape Verde		5.8	12.5		2.92
Central African Republic				4.0	13.6
Chad	50.0				
Comoros					0.002
Côte d'Ivoire					0.40
DR Congo	106.0				
Congo, Rep.			30.45		
Djibouti					
Dominican Republic				38.0	10.8
Ethiopia		95.0			0.037
Gabon					
The Gambia					0.041
Ghana	5.0	62.0			49
Grenada					10
Guinea					
Guinea Bissau			6.0		12.1
Guyana		23.3			18.2
Haiti				10.2	26

<sup>1</sup> Until 01/01/2003 : including old RAL (thus the sum of old+dormant contains double counting) ; from 31/12/2003 on : excluding old RAL

Jamaica		25.0			2.5
Kenya		125.0			
Lesotho					
Liberia					3.5
Madagascar		35.0	55.0		31
Malawi			41.5	34.0	0.037
Mali	132.9			21.1	2.5
Mauritania					0.71
Mauritius					8.74
Mozambique	16.4		95		42.92
Niger	90.0		70.0		
Papua New Guinea					0.03
Regional cooperation					39.3
Rwanda	55.1		36.0		18.24
São Tomé & Príncipe					
Senegal		53.0			0.41
Sierra Leone			50.0		12.12
Solomon Islands					0.003
St. Lucia					0.56
St Vincent and Grenadines					0.16
Sudan					1.91
Tanzania	114.0		57.0		30
Tonga					0.004
Turks & Caicos				10.6	4
Uganda			92.0		0.044
Vanuatu		1.7			3.05
Zambia	117.0			62.0	
<b>Annual totals</b>	<b>741.4</b>	<b>469.4</b>	<b>704.8</b>	<b>198.3</b>	<b>414.5</b>
% of EDF annual global commitments	20%	18%	20%	6%	11.33%

**Annex 3 : New EDF GBS and SPSP global commitments, 2007 (€m) Provisional figures**

<i>Programme</i>	<i>Financing</i>	<i>Recipient Country</i>	<i>Sector</i>	<i>Amount</i>
General budget support (GBS)		Benin	Budget	17.75
		Burkina Faso	Support	20.5
		Burundi		31
		Cameroon		0.021
		Cape Verde		2.92
		Central African Republic		13.6
		Comoros		0.002
		Dominican Republic		10.8
		Ethiopia		0.037
		Gambia		0.041
		Ghana		49
		Grenada		10
		Guinea Bissau		12.1
		Guyana		18.2
		Haiti		26
		Ivory Coast		0.40
		Liberia		3.5
		Jamaica		2.5
		Madagascar		31
		Malawi		0.037
		Mali		2.5
		Mauritania		0.71
		Mauritius		8.74
		Mozambique		42.92
		Papua New Guinea		0.03
		Regional Cooperation		39.3
		Rwanda		18.24
		Senegal		0.41
		Sierra Leone		12.12
		Solomon Islands		0.003
		St Lucia		0.56
		St Vincent and Grenadines		0.16
		Sudan		1.91
		Tanzania		30
		Tonga		0.004
		Turks and Caicos		4
		Uganda		0.044
		Vanuatu		3.05
		<b>Sub-total, macroeconomic budget support</b>		<b>414.5</b>
Sector policy support programmes	Sectoral budget support	Anguilla		3.95
		Benin	Infrastructure	12
		Botswana	Education	1.48

		Burkina Faso	Agriculture	10
		Ethiopia		150
		Ethiopia	Infrastructure	7.4
		Jamaica	Infrastructure	12.25
		Mali	Agriculture	15
		Montserrat		6.2
		Mozambique	Health	3.85
		Mozambique	Governance	11
		Namibia		8
		Namibia	Education	3
		St Helena		2.2
		St Pierre et Miquelon		6.1
		Zambia	Infrastructure	6
		Sub-total, SBS		
	Standard project financing	Benin	Health	8
		Ghana	Trade	5
		Sub-total, standard projects		
	Sub-total, SPSPs			262
Total				612

#### **Annex 4: EDF net commitments and payments, 2007 (€m)**

Global commitments	New global commitments (gross)	3 636
	De-commitments	- 464
	Net global commitments	3 172
Individual commitments	New contracts (gross)	3 816
	Contracts decommitted/cancelled	- 469
	Net individual commitments	3 347
Payments	New payments (gross)	2 920
	Recoveries received	- 45
	Net payments	2 874

**Annex 5: EDF contributions to the UN and World Bank Group, 2007**

2007			
UN Agencies	Contracted	Paid	Still to Pay
FAO	11.695.536,00	6.243.710,97	20.949.504,79
UN Habitat			5.620.000,00
UNCHS	2.000.000,00	880.000,00	
UNDP	47.636.908,34	57.075.179,17	54.606.415,00
UNEP	1.189.103,00		11.673.715,35
UNESCO	4.759.222,00	1.591.358,51	3.579.954,00
UNHCR	11.050.000,00	8.167.972,40	4.572.741,00
UNICEF	71.499.802,92	34.602.754,05	104.788.503,95
UNCTAD	5.727.986,00	1.894.789,00	4.972.253,00
UN General Trust Fund	4.999.600,00	601.956,00	8.353.021,38
UNIDO	24.399.904,00	11.512.744,00	13.414.082,56
UN International Drug Control Programme		38.674,00	
UN Office in Geneva	4.100.000,00	2.175.689,00	2.841.964,00
UN Office in Vienna			7.098.000,00
UNOPS	3.600.000,00	3.400.000,00	465.911,00
UN Population Fund	13.230.000,00	13.987.346,00	11.936.180,73
UN Representative in Chad			84.469,00
<b>Sub-total UN</b>	<b>205.888.062,26</b>	<b>142.172.173,10</b>	<b>254.956.715,76</b>
WB	225.860.575,00	164.288.000,00	243.604.762,00
<b>Total UN+WB</b>	<b>431.748.637,26</b>	<b>306.460.173,10</b>	<b>498.561.477,76</b>

**Annex 6 : Stabex – country by country situation, year-end 2007 (€), provisional figures**

	Balance of double signature accounts (Europe, ACP state)
Benin	
Burkina F.	5.549.229
Burundi	32.134.285
Cameroon	13.969.197
Cap Verde	1.273.145
CAR	2.644.115
Chad	947.502
Comoros	1.081.995
Dominica	79.048
Eq. Guinea	1.195.007
Ethiopia	967.335
Gambia	1.640.601
Ghana	2.810.904
Grenada	3.419.005
Guin. Bissau	1.003.027
Haiti	689.794
Ivory Coast	30.041.482
Jamaica	879.067
Kenya	58.901.556
Kiribati	436.325
Lesotho	312.928
Madagascar	12.651.413
Malawi	5.074.282
Mauritania	26.811.712
Mozambique	3.068.928
PNG	1.559.084
Rwanda	12.201.498
Samoa	642.733
Senegal	53.332.464
S. Leone	3.264.083
Solomon Is.	24.927.456
St. Lucia	24.975.770
St. Vincent	24.919.107
Sudan	162.085.709
Tanzania	8.555.577
Togo	15.811.015
Uganda	27.732.205
Zimbabwe	20.511.757
<b>Total</b>	<b>588.100.340</b>

Section 5.2.3 of the report indicates the balances for Stabex "Security accounts", that is, accounts managed by the Commission.

This table presents the balances of Stabex "double signature accounts", that is, accounts containing Stabex funds initially transferred from the Security accounts onto Stabex beneficiary accounts, which are therefore no longer managed by the Commission.

**Annex 7 : Follow-up to comments by the Court of Auditors**



EDF/1	The control strategy should be established and made operational by the end of 2007. As already indicated by the Court <sup>2</sup> , it should establish clear and consistent objectives, ensure coordination and set the type and intensity of checking. This should necessarily entail a balancing act between the costs of the various controls and the accompanying benefits, whilst taking account of the tolerable risk of errors in the underlying transactions. The control strategy should include a well-structured and documented risk analysis that formally involves the Delegations in a fully participative manner;	In progress	Internal Control Templates will be included in the 2007 Annual Activity Report of the Directorate General of AIDCO
EDF/2	The management of projects financed by work programmes should be better supported. This should involve greater presence of Delegation staff in the field supporting accounting systems and training. Carrying out more audits at an early stage of the implementation of projects would also help to monitor and, where necessary, improve the quality of the control systems implemented by beneficiaries.	Ongoing	AIDCO makes constant efforts to improve the quality of the controls
EDF/3	Checks performed by the Delegations before authorising payments should better scrutinise the payment requests and intensify the focus on the reality, eligibility and accuracy of the expenditure. The quality of the work performed by supervisors should be better monitored.	Ongoing	AIDCO pursues its efforts to tighten up the quality controls carried out by Delegations and National Authorising Officers, while taking into account the costs and benefits of additional checks
EDF/4	The quality of the controls performed by external auditors should be enhanced by ensuring that the new terms of reference include a clear definition of the purpose of the audit; the materiality threshold to be applied; the sampling; the nature of the audit procedures to be performed; guidance on how errors should be treated; and how conclusions are to be reported upon. These standard terms of reference should also be used for all external audits initiated by the Delegations.	Done	
EDF/5	The central monitoring of the external audits organised by the Delegations should be improved so that the results can be effectively communicated to all relevant levels of management. This should be enhanced by the availability, by the end of 2007, of a management system that provides information on the audit process and facilitates access to relevant audit results.	Accepted	The central monitoring of the external audits has been improved in 2007 as foreseen allowing for a more acute analysis and management of external audits in real time. Since January 1 <sup>st</sup> , 2008, CRIS has been completely updated, simplified and restructured. All audits foreseen for 2008 are being introduced into the system.
EDF/6	Verification of the Delegations by EuropeAid's central services should be enhanced by increasing the number of missions.	Ongoing	The Commission has developed a harmonised methodology for Headquarters' monitoring-related missions in Delegations and its submission to Management is foreseen for February 2008.
EDF/7	As regards budget support, compliance with the Cotonou Agreement should be benchmarked against baseline requirements, such as the availability of timely published and audited accounts. A clear, formal presentation of the conclusions reached would require the parameters of the 'dynamic interpretation' to be made explicit, thus enabling the appropriateness of disbursement decisions to be assessed.	Accepted	The Commission is in the process of carrying out PEFA assessments in all countries receiving BS. These assessments allow the establishment of PFM weaknesses and specific and precise benchmarks against which progress can be measured within performance indicators over time. EC Delegations monitor progress and report to HQ within PFM Annual Reports.

<sup>2</sup>

See Opinion No 2/2004.

EDF/8	As regards budget support, in order to set out its conclusions in a structured manner, the Commission should ensure that the data used as a basis for disbursement decisions rely more on measurements of events that have already taken place than on predictions of future occurrences.	Accepted	Disbursement decisions are always taken on the basis of the fulfillment of the basic 3 eligibility criteria and of indicators formulated in Financing Agreements. In assessing the PFM eligibility criterion, the Commission is ensuring that there is a balance between the devolution of past performances and the reform process, and future PFM commitments and further concrete progress in this area. As regards the specific PFM indicators, the Commission is ensuring that data used is measuring the devolution of past performance and the reform process.
EDF/9	As regards budget support, the indicators used should permit clear evidence of progress in public finance management to emerge where appropriate. This could be achieved by including indicators which can be measured over time, and compared from one period to the next, as opposed to indicators which rely on the performance of a one-off event	Accepted	The Commission is in the process of carrying out PEFA assessments in all countries receiving BS. These assessments allow the establishment of PFM weaknesses and specific and precise benchmarks against which progress can be measured within performance indicators over time. EC Delegations monitor progress and report to HQ within PFM Annual Reports.